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**CHAIRMAN BUYER OPENING STATEMENT
MILITARY PERSONNEL SUBCOMMITTEE HEARING
TRICARE EFFECTIVENESS**

February 26, 1998

Today the Subcommittee will hear testimony on the effectiveness of the Department of Defense's managed health care program, the TRICARE program.

The Department of Defense operates one of the nation's largest health care systems. Its primary military medical mission is to maintain the health of 1.6 million active-duty service members and to be prepared to deliver health care during time of war. The Department also offers health care services to an additional 6.6 million military beneficiaries, including active-duty families, and military retirees and their dependents.

Most of the DOD health care is provided in roughly 115 hospitals and 470 clinics worldwide operated by the Army, Navy and Air Force. This direct-delivery health system is supplemented by DOD-funded care provided in civilian facilities.

In response to increasing health care costs and uneven access to care, the Department initiated a series of demonstrations in the late 80's to evaluate alternative health care delivery approaches. On the basis of this experience, DOD designed TRICARE as its managed health care program. TRICARE is intended to provide a high-quality, consistent health care benefit; to improve access to care; and to contain health care costs. It offers most beneficiaries three choices for their health care: TRICARE Standard, a fee-for-service option similar to the previous CHAMPUS option; TRICARE Extra, a preferred provider option that saves money over Standard; and TRICARE Prime, an HMO-like option.

The TRICARE program uses regional managed-care support contracts to augment the care

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provided in military treatment facilities. The contractors' responsibilities include developing civilian provider networks; processing claims; and providing support functions such as beneficiary education and enrollment. Health care currently is being delivered under the TRICARE program in all but three of the 11 TRICARE regions in the United States.

The Office of the Assistant Secretary of Defense (Health Affairs) sets TRICARE policy and has overall responsibility for the program. To coordinate military treatment facility and contractor services, each region is headed by a military "lead agent," which is supported by a joint-service staff.

As with any new system, there are issues and concerns being raised by the implementation of the TRICARE program. The ability of the TRICARE program to provide a uniform benefit for all military beneficiaries is an issue of concern to many beneficiary groups. In many parts of the country, TRICARE Prime may not be available. Since Prime is the option designed to save beneficiaries the most money, limiting its availability has raised considerable concern about beneficiary access to quality, low-cost care in remote or rural locations, and other areas in which the Prime option is not available.

Concerns also have been raised about the program's ability to attract quality civilian physicians. A GAO study expected to be released today found that many providers complain that the TRICARE reimbursement rates are too low. As a result, some physicians said they would not join the TRICARE network, although they would continue to treat military beneficiaries as non-network physicians. Physicians also expressed concerns about administrative "hassles" under TRICARE such as slow reimbursement and unreliable customer telephone service, which contribute to their apprehension with the TRICARE program.

Additionally, while TRICARE Prime establishes specific requirements for providing timely access to care, those access standards are not being met in many areas. This problem may be due in part to the fact that DOD has no formal, uniform way of monitoring access standards within military medical treatment facilities. This situation actually could worsen if effective monitoring procedures are not established soon. Under future TRICARE contracts, military treatment facilities will be funded based on the number of beneficiaries who enroll in TRICARE Prime at the MTF. Without strict enforcement of access standards, MTFs may over-enroll beneficiaries in an effort to gain additional funding for the facility.

During this hearing today, the subcommittee will continue to examine these issues and concerns in order to determine what improvements are needed to ensure adequate, quality health care for all military beneficiaries.